


# MEMORANDUM

LOUISVILLE, KENTUCKY

TO: DEVELOPERS, CONSULTANTS AND OTHER INTERESTED PARTIES

FROM: JEFF BROWN, PE, PTOE, ENGINEER MANAGER 

DATE: JULY 30, 2014

RE: ENCROACHMENT PERMIT BOND INSTRUCTIONS

The following procedures are followed for encroachment permit bonds in Louisville-Jefferson County Metro Government. Also included are examples of the bond instruments which we accept.

- ⇒ **When is a bond required?** Louisville-Jefferson County Metro Public Works must approve all construction within the right-of-ways of public and private streets. An Encroachment Permit may be issued for commercial and residential developments. When sidewalk or roadway improvements are required as part of a private development project, a bond instrument must be posted prior to construction approval. In addition, bond instruments are required for roadway repairs on all surrounding access roads to subdivision sites due to damages caused by construction traffic activities.
- ⇒ **Construction Approval:** This office will approve the construction plan after the improvements have been agreed upon and the required bond amount has been posted.
- ⇒ **Required Fee:** \$25 cash, credit or check made payable to Louisville/Jefferson County Metro Government.
- ⇒ **Bond Instruments for the required encroachment bond amount:** Acceptable instruments are as follows:

**Certificate of Deposit** from a federally insured bank or federally insured savings and loan association; “Attachment A” must be used along with the Certificate.

**Savings Account** from a federally insured bank or federally insured savings and loan association; “Attachment A” must be used along with a letter on bank letterhead stating they have established said account, since most banks no longer issue passbooks.

**Automatically Renewable Irrevocable Letter of Credit** issued by an authorized, federally insured lending institution in the form shown in “Attachment B”; For builder bonds with ‘sidewalk only’ on a specified lot(s), use “Attachment C”.

**Unconditional Bond (Surety Bond)** with an attached Power of Attorney, issued by an insurance company qualified to do business in Kentucky, use “Attachment D”. The insurance company must not be rated below A-/VI. This rating level will remain in effect until Metro Public Works releases the bond. To see current ratings, log on to <http://www.ambest.com>.

In all instances, we must have the **original** bond instrument. Both CD or Savings must be accompanied by the completed **original** assignment and notice (“Attachment A”). Please call Cheryl Browning at (502) 574-6761 or email [cheryl.browning@louisvilleky.gov](mailto:cheryl.browning@louisvilleky.gov) if you have any questions or need to make an appointment for posting a bond prior to plan approval.

**PLEASE NOTE: THE DEVELOPER/OWNER MUST OBTAIN THE ENCROACHMENT BOND. ABSOLUTELY, NO BOND INSTRUMENTS OR PERMIT FEES WILL BE ACCEPTED UNLESS THE PERMIT QUALIFIES TO BE STAMPED.**

**ENCROACHMENT PERMIT BOND INSTRUMENT**

**ASSIGNMENT AND NOTICE**

Savings Institution

Date \_\_\_\_\_

**Certificate or Savings Account Number:**

**Owner(s)** \_\_\_\_\_

**Face Amount or Balance** \_\_\_\_\_

**The undersigned owner(s)** do(es) hereby assign to Louisville-Jefferson County Metro Public Works the above-described obligation for the purpose of fulfilling the requirements of the approved construction relating to:

Project: \_\_\_\_\_

Location: \_\_\_\_\_

Owner(s): \_\_\_\_\_

**Note: Owner(s) must sign above**

**Notice of Assignment by Savings Institution**

Notice of the above assignment has been received, the balance shown is acknowledged, the person making the assignment is an authorized signer for the account and our records have been marked to reflect the assignment.

Date: \_\_\_\_\_

**SAVINGS INSTITUTION**

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

**For Release Only**

To the above named Savings Institution: We have released the assignment in our favor down to \$ \_\_\_\_\_ and request that you mark your records accordingly.

Date: \_\_\_\_\_

**METRO PUBLIC WORKS**

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

(BANK LETTERHEAD)  
**ENCROACHMENT PERMIT BOND LETTER OF CREDIT**

Louisville-Jefferson County Metro Public Works  
444 S. 5<sup>th</sup> Street, Suite 200  
Louisville, Kentucky 40202

Date \_\_\_\_\_

Irrevocable Credit No. \_\_\_\_\_

Gentlemen:

WE HEREBY OPEN OUR IRREVOCABLE LETTER OF CREDIT IN YOUR FAVOR FOR THE ACCOUNT OF \_\_\_\_\_

(Name and Address of Developer)

FOR A SUM OR SUMS NOT EXCEEDING A TOTAL OF \_\_\_\_\_  
U.S. DOLLARS AVAILABLE BY YOUR DRAFT(S) ON US AT SIGHT WHEN ACCOMPANIED BY:

Your statement by an authorized officer, worded to the effect that the requirement for escrow funds relating to \_\_\_\_\_

(Name of Development)

\_\_\_\_\_  
(Location of Project)

has not been released by Metro Public Works

This letter of credit shall become valid on \_\_\_\_\_ and become void one year later.

THE \_\_\_\_\_ HEREBY AGREES THAT THIS LETTER OF CREDIT SHALL

(Bank or Savings Institution)

AUTOMATICALLY RENEW ITSELF FOR SUCCESSIVE ONE-YEAR PERIODS UNLESS WE GIVE NOTICE TO YOU NO LATER THAN FORTY-FIVE (45) DAYS PRECEDING AN EXPIRATION DATE, THAT WE NO LONGER CHOOSE TO RENEW THE LETTER OF CREDIT, IN WHICH CASE, THE NOTICE SHALL BE SENT CERTIFIED MAIL TO THE DIRECTOR OF METRO PUBLIC WORKS AND THE LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT SHALL BE ENTITLED TO DEMAND AND RECEIVE THE OUTSTANDING AMOUNT OF MONEY REPRESENTED BY THE LETTER OF CREDIT.

ALL DRAFTS DRAWN UNDER THIS CREDIT SHALL STATE THAT THEY ARE "DRAWN" UNDER \_\_\_\_\_ LETTER OF CREDIT NO. \_\_\_\_\_, DATED \_\_\_\_\_.

(Name of Bank)

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED AS SPECIFIED IF PRESENTED AT THIS OFFICE \_\_\_\_\_ ON OR BEFORE THE EXPIRATION DATE.

(Address of Bank)

Sincerely,

\_\_\_\_\_  
Authorized Signature

(BANK LETTERHEAD)  
(LETTER OF CREDIT TO BE USED FOR SIDEWALK ONLY)

Louisville-Jefferson County Metro Public Works  
444 S. 5<sup>th</sup> Street, Suite 200  
Louisville, Kentucky 40202

Date \_\_\_\_\_

Irrevocable Credit No. \_\_\_\_\_

Gentlemen:

WE HEREBY OPEN OUR IRREVOCABLE LETTER OF CREDIT IN YOUR FAVOR FOR THE ACCOUNT OF \_\_\_\_\_

(Name and Address of Developer)

FOR A SUM OR SUMS NOT EXCEEDING A TOTAL OF \_\_\_\_\_  
U.S. DOLLARS AVAILABLE BY YOUR DRAFT(S) ON US AT SIGHT WHEN ACCOMPANIED BY:

Your statement by an authorized officer, worded to the effect that the requirement for escrow funds relating to \_\_\_\_\_ has not been released by Public Works.

(Name of Development)

The purpose of this letter of credit is to insure installation of sidewalk on Lot(s) \_\_\_\_\_ of the above referenced development.

This letter of credit shall become valid on \_\_\_\_\_.

THE \_\_\_\_\_ HEREBY AGREES THAT THIS LETTER OF CREDIT SHALL  
(Bank or Savings Institution)

AUTOMATICALLY RENEW ITSELF FOR SUCCESSIVE ONE-YEAR PERIODS UNLESS WE GIVE NOTICE TO YOU NO LATER THAN FORTY-FIVE (45) DAYS PRECEDING AN EXPIRATION DATE, THAT WE NO LONGER CHOOSE TO RENEW THE LETTER OF CREDIT, IN WHICH CASE, THE NOTICE SHALL BE SENT CERTIFIED MAIL TO THE DIRECTOR OF METRO PUBLIC WORKS AND THE LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT SHALL BE ENTITLED TO DEMAND AND RECEIVE THE OUTSTANDING AMOUNT OF MONEY REPRESENTED BY THE LETTER OF CREDIT.

ALL DRAFTS DRAWN UNDER THIS CREDIT SHALL STATE THAT THEY ARE "DRAWN" UNDER \_\_\_\_\_ LETTER OF CREDIT NO. \_\_\_\_\_, DATED \_\_\_\_\_.

(Name of Bank)

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED AS SPECIFIED IF PRESENTED AT THIS OFFICE \_\_\_\_\_ ON OR BEFORE THE EXPIRATION DATE.

(Address of Bank)

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE BROCHURE NO. 500.

Sincerely,

\_\_\_\_\_  
Authorized Signature

**LOUISVILLE-JEFFERSON COUNTY METRO  
DEPARTMENT OF PUBLIC WORKS  
444 S. Fifth Street, Suite 200  
Louisville, Kentucky 40202**

**ENCROACHMENT PERMIT BOND**

**BOND NO.** \_\_\_\_\_

KNOW ALL BY THESE PRESENTS: That we \_\_\_\_\_  
in the City of \_\_\_\_\_, State of \_\_\_\_\_ as principal, and  
\_\_\_\_\_ in the City of \_\_\_\_\_,  
State of \_\_\_\_\_, as Surety, are held and firmly bound unto the Louisville-Jefferson County Metro  
Department of Public Works, for the use and benefit of the Louisville-Jefferson County Metro Department of  
Public Works, located at 444 South Fifth Street, Suite 200, Metro Development Center, Louisville, Kentucky  
40202, State of Kentucky, Obligee, in the penal sum of \_\_\_\_\_  
(\$ \_\_\_\_\_) Dollars, lawful money of the United States for the payment of which well and truly be made, we  
bind ourselves, our heirs, executors, administrator and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such, that whereas the said Principal has been permitted to  
\_\_\_\_\_  
authorizing encroachment upon the Louisville-Jefferson county Metro Government public right-of-way.

NOW, THEREFORE, if the above bounden Principal shall faithfully and honestly complete the encroachment in  
accordance with said permit, and if the encroachment of which the said permit is granted fails to meet all  
specifications, or if the said permit is revoked by the Louisville-Jefferson County Metro Department of Public  
Works, the above bounden Principal shall properly restore the right-of-way in accordance with Metro Ordinance  
regulations, and if thereafter such restoration has been completed, then this obligation shall be null and void;  
otherwise to remain in full force and effect until completion of the encroachment has been duly accepted by an  
authorized agent of the Louisville-Jefferson County Metro Department of Public Works.

**This obligation shall remain in full force and effect until terminated in writing by the Louisville-Jefferson  
County Metro Department of Public Works.**

In witness whereof, the parties, have set our hands and seals on this \_\_\_\_\_, day of \_\_\_\_\_, 2015

\_\_\_\_\_  
Ky. Bonding Agent Name

\_\_\_\_\_  
Principal

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
BY

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Surety

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Attorney-in-Fact